

**Excise Duties**

Gross excise duties collected and other data of interest arising as a by-product of administration, such as the quantities of grain and other products used in distillation and the quantities of goods taken out of bond and subject to excise duty, are given in Table 22 for the years ended Mar. 31, 1962 and 1963. The totals do not agree with net excise duties as shown in Table 9 because refunds and drawbacks are included. A drawback of 99 p.c. of the duty may be granted when domestic spirits, testing not less than 50 p.c. over proof, are delivered in limited quantities for medicinal or research purposes to universities, scientific or research laboratories, public hospitals, or health institutions in receipt of federal and provincial government aid. The quantity of spirits manufactured has fluctuated during the past ten years from 24,710,625 proof gal. in 1954 to a record 38,276,930 proof gal. in 1963.

**22.—Excise Duties Collected and Statistics of Licences and Distillation, Years Ended Mar. 31, 1962 and 1963**

Item	1962	1963	Item	1962	1963
Excise Duties Collected (gross)..... \$	367,359,286	386,758,441	Molasses used..... lb.	53,248,172	55,224,884
Spirits..... \$	113,639,182	122,020,603	Wine and other materials..... "	10,452,687	8,655,348
Beer or malt liquor... \$	93,051,457	98,097,105	Sulphide liquor..... gal.	372,834,237	330,490,564
Tobacco and cigarettes..... \$	159,883,233	165,375,416	Proof spirits manufactured..... proof gal.	36,420,769	38,276,930
Cigars..... \$	699,421	731,736	Licences issued..... No.	30	31
Licences..... \$	35,993	33,581	Licence fees..... \$	7,750	8,000
Grain, etc., Used for					
• Distillation..... lb.	456,144,910	401,763,208			
Malt..... "	47,653,185	40,785,120			
Indian corn..... "	323,855,688	305,756,245			
Rye..... "	77,422,706	54,651,373			
Wheat and other grain "	2,813,551	569,370			

**Section 4.—Federal-Provincial Conditional Grants and Shared-Cost Programs\* †**

During the past decade there has been a rapid increase in federal expenditures on joint federal-provincial programs. These programs take three forms: (1) the Federal Government contributes financial assistance to a program administered by a province; (2) the federal and provincial governments each assume the sole responsibility for the construction, administration and financing of separate aspects of a joint project; or (3) the province contributes financially to a joint program administered by the Federal Government.

The first category of joint programs is by far the most common and such programs are commonly called conditional grant programs. They are characterized by the Federal Government agreeing to make money available to a province on certain conditions, such conditions always specifying the field, service or project to which the money must be applied. In addition, the province may be required to make a financial contribution to the program

\* Prepared (October 1964) in the Federal-Provincial Relations Division, Department of Finance, Ottawa.

† The Prime Minister, in a letter dated Aug. 15, 1964 to the provincial premiers, stated that the Government of Canada was prepared to allow a province to assume sole responsibility for certain conditional grant programs and reimburse such a province for its assumption of the federal share of the programs' cost through the device of equalized tax abatement or cash compensation. For copies of the letters, see Appendix to House of Commons Debates of Sept. 10, 1964.

**Additional Readings:—**

Donald V. Smiley, *Conditional Grants and Canadian Federalism* (Canadian Tax Papers No. 32). Toronto, Canadian Tax Foundation, February 1963. *Federal-Provincial Relations Division, Department of Finance. Federal-Provincial Conditional Grant and Shared-Cost Programmes 1962* Ottawa, Queen's Printer, October 1963. \$3. (Catalogue No. F2-2563).